

March 1, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

RE: Application of Duke Energy Carolinas, LLC for Approval of Rider 10  
Docket No. 2019-\_\_\_\_-E

Dear Ms. Boyd:

Enclosed for filing, please find the Application of Duke Energy Carolinas, LLC for Approval of Rider 11, Demand-Side Management and Energy Efficiency. Please feel free to contact me should you have any questions or concerns.

Yours truly,

  
Sam Wellborn

SJW:tch

Enclosures

cc w/enc: Nanette S. Edwards, Executive Director, ORS (via email)  
Dawn Hipp, Chief Operating Officer, ORS (via email)  
Jeffrey M. Nelson, Chief Legal Officer, ORS (via email)  
Andrew Bateman, Counsel, ORS (via email)  
Jenny R. Pittman, Counsel, ORS (via email)  
Michael-Seaman Huynh, Counsel, ORS (via email)  
Heather Shirley Smith, Deputy General Counsel (via email)  
Rebecca J. Dulin, Associate General Counsel (via email)

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**DOCKET NO. 2019-\_\_\_\_-E**

In re:

Application of Duke Energy Carolinas, LLC  
for Approval of Demand-Side Management  
and Energy Efficiency Rider 11

**DUKE ENERGY CAROLINAS, LLC'S  
APPLICATION FOR APPROVAL OF  
RIDER 11**

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Pursuant to S.C. Code Ann. § 58-37-20 and S.C. Code Ann. Regs. 103-819 and 823, the Rules of Practice and Procedure of the Public Service Commission of South Carolina (“Commission”), Duke Energy Carolinas, LLC (the “Company” or “Duke Energy Carolinas”) hereby applies to the Commission for approval of its demand-side management (“DSM”) and energy efficiency (“EE”) rider for 2020 (“Rider 11”). Duke Energy Carolinas also requests that the Commission allow it to recover the costs of its Interruptible Service and Stand-By Generator programs (“Existing DSM Programs”) as a component of this Rider 11. Finally, Duke Energy Carolinas reports the final results of the study designed to assess the feasibility and estimated cost associated with its achievement of EE goals established in a settlement agreement in Docket Nos. 2011-158-E and 2011-68-E.

In support of this Application, Duke Energy Carolinas shows the Commission the following:

**Name and Address of Duke Energy Carolinas**

1. The correct name and post office address of the Company is Duke Energy Carolinas, LLC, Post Office Box 1321, Charlotte, North Carolina 28201.

**Notices and Communications**

2. The names and addresses of the attorneys of Duke Energy Carolinas who are authorized to receive notices and communications with respect to this Application are:

Rebecca J. Dulin  
Duke Energy Corporation  
1201 Main Street, Capital Center Building, Suite 1180  
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Samuel J. Wellborn  
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Columbia, SC 29201  
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### **Description of the Company**

3. The Company is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the western portion of South Carolina and central and western portions of North Carolina. It also sells electricity at wholesale to municipal, cooperative, and investor-owned electric utilities. Duke Energy Carolinas is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. The Company also is authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission.

### **Background**

4. Rider 11 seeks to recover from customers the amounts associated with the cost recovery mechanism the Commission approved in Order No. 2013-889, issued in Docket No. 2013-298-E, as well as the costs associated with Existing DSM Programs.

5. The recovery mechanism of the Company's EE/DSM portfolio is a shared savings model with three distinct components: (1) recovery of the costs the Company incurs to offer and deliver EE and DSM programs to customers; (2) recovery of net lost revenues incurred for up to thirty-six (36) months of a measure's life for EE programs; and (3) a shared savings incentive that is equivalent to 11.5% of net savings achieved through the Company's portfolio of EE/DSM programs.

6. The Existing DSM Program recovery method remains unchanged.

### **Components of Rider 11**

7. Calculations for Rider 11 were computed in accordance with the Application, testimony and the Commission's Order in Docket No. 2013-298-E. The specific components of Rider 11 include:

- a. Year 2015,<sup>1</sup> January 2015 – December 2015: Year 4 lost revenues.
- b. Year 2016, January 2016 – December 2016: True-up of Year 1, Year 2 and Year 3 lost revenues.
- c. Year 2017, January 2017 – December 2017: true-up of shared savings, true-up of Year 1 and Year 2 lost revenues and an estimate of Year 4 lost revenues.
- d. Year 2018, January 2018 – December 2018: true-up of program costs, shared savings and Year 1 of lost revenue and an estimate of Year 3 lost revenues.
- e. Year 2019, January 2019 – December 2019: estimate of Year 2 lost revenues.
- f. Year 2020, January 2020 – December 2020: estimate of program costs, shared savings, and Year 1 lost revenues, as well as an estimate of 2020 existing DSM program costs.

8. Lost revenues associated with participants enrolled during the test period (twelve months ended December 31, 2017) of the current base rate case proceeding in Docket No. 2018-319-E have been adjusted based on specific enrollment dates, and a portion of these lost revenues have been removed and included in proposed base rates. The Company acknowledges the benefits to customers that will result from the return of excess deferred income taxes as discussed in the base rate case proceeding, as well as the associated benefits that may accrue to customers through the reflection of that return within lost revenues as part of Rider 11. Based upon the timing of the

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<sup>1</sup> In the Company's 2013 filing, the nomenclature for a vintage changed from "Vintage" year to "Year 2014," "Year 2015," etc.

final order in the rate case proceeding, the Company expects there to be an opportunity to incorporate any necessary changes to reflect the Commission's decision on tax treatment into the rider before it becomes effective.<sup>2</sup>

### **Rider 11 Rate Overview**

9. The revenue Duke Energy Carolinas proposes to recover through the proposed Rider 11<sup>3</sup> is as follows:

- \$37,964,213 for Residential Customers (Exhibit A, Line 16) and
- \$46,376,910 for Non-Residential Customers (Exhibit A, Line 70).

For Rider 11, because non-residential customers can opt-out of various components and vintage years of EE/DSM, those billing factors were separated to reflect non-residential customer participation in EE programs, DSM programs, or both EE and DSM programs. The proposed Rider 11 billing factors include prospective and true-up components. Based on the total costs to be recovered under the proposed Rider 11, as shown on Exhibit A, the billing factors applicable to South Carolina customers for the billing period January 1, 2020 through December 31, 2020, would be as follows:

<b>Residential Billing Factors</b>	<b>¢/kWh</b>
True-up Component for Years 2015, 2016, 2017 and 2018	0.0866
Prospective Component for Vintage Years 2017 – 2020	0.5055
Residential Rider 11 (Total)	0.5921

<b>Non-Residential Billing Factors</b>	<b>¢/kWh</b>
Year 2015 EE Participant – True up	(0.0005)

<sup>2</sup> To the extent the Office of Regulatory Staff may need an extension to file its review report in order to accommodate these potential changes, the Company is amenable to such extension.

<sup>3</sup> Billed at 100%, pursuant to Order 2013-889.

Year 2015 DSM Participant – True up	(0.0001)
Year 2016 EE Participant – True up	0.0173
Year 2016 DSM Participant – True up	(0.0001)
Year 2017 EE Participant – True up	0.0389
Year 2017 DSM Participant – True up	(0.0022)
Year 2018 EE Participant – True up	0.0359
Year 2018 DSM Participant – True up	0.0189
Year 2017 EE Participant – Prospective	0.0244
Year 2018 EE Participant – Prospective	0.0909
Year 2019 EE Participant – Prospective	0.1224
Year 2020 EE Participant – Prospective	0.4175
Year 2020 DSM Participant – Prospective	0.1524

10. The proposed tariff sheet for Rider 11 is attached as Exhibit B to the Application. A summary of the calculations used to determine these billing factors and the revenue requirement for Rider 11 is attached as Exhibit A to the Application. The supporting calculations for Exhibit A are also attached. A detailed description and evaluation of the Company's EE and DSM programs for 2018 is set forth in Rider 11, Exhibit 5.

#### **Settlement Agreement Analysis of Energy Efficiency Portfolio**

11. As a component of the Revised Settlement Agreement in Docket No. 2013-298-E, the Company agreed to develop a study designed to assess the feasibility and estimated cost associated with its achievement of aspirational Energy Efficiency Goals established in the settlement agreement in Docket Nos. 2011-158-E and 2011-68-E, *i.e.*, an annual savings target of one percent (1%) of the previous year's retail electricity sales beginning in 2015 and a cumulative savings target of seven percent (7%) of retail electricity sales over the five-year time period of 2014 - 2018. As required under the Revised Settlement Agreement, the Company has provided an update to the Energy Efficiency Analysis Study which accounts for the updated actual savings in 2018. The methodology for estimating the size and cost of the Incremental Portfolio is unchanged

compared to last year. The updated Analysis Study is attached to this application as Rider 11 Exhibit 8.

**Conclusion and Request for Approval**

12. Based on the foregoing, the Company respectfully requests that the Commission grant its application seeking approval of Rider 11 as described in this Application and supporting exhibits. Additionally, the Company would ask the Commission to allow the proposed rate to be put into effect without notice and hearing pursuant to S.C. Code § 58-27-870(F) (2015). The proposed rates do not require a determination of the entire rate structure and overall rate of return, and will facilitate an orderly rate administration.

Submitted this the 1st day of March, 2019.

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s/Samuel J. Wellborn  
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### Rider 11 Exhibits

Exhibit A	Summary for Rider EE Exhibits and Factors
Exhibit B	Tariff Sheet
Year 2015 Exhibit 1	True Up of Shared Savings and Year 1, 2, 3 and 4 Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2015 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2015
Year 2015 Exhibit 3	Allocation Factors, Vintage Year 2015
Year 2016 Exhibit 1	True-up of Shared Savings and Year 1 ,2 and 3 Lost Revenue Applicable to Residential and Non-Residential Customers
Year 2016 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2016
Year 2016 Exhibit 3	Allocation Factors, Vintage Year 2016
Year 2017 Exhibit 1	True-up of Shared Savings and Year 1 and 2 Lost Revenue; Estimate of Year 4 Lost Revenue Applicable to Residential and Non-Residential Customers
Year 2017 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2017
Year 2017 Exhibit 3	Allocation Factors, Vintage Year 2017
Year 2018 Exhibit 1	True up of Year 1 Shared Savings, Program Costs and Lost Revenues; Estimate of Year 3 Lost Revenue
Year 2018 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2018
Year 2018 Exhibit 3	Actual Existing DSM Program Costs – Year 2018
Year 2018 Exhibit 4	Allocation Factors, Year 2018
Year 2018 Exhibit 5	Actual Program Costs – Year 2018
Year 2018 Exhibit 6	Changes from Rider 9 Due to Application of M&V and Participation

Year 2019 Exhibit 1	Estimate of Year 2 Lost Revenues
Year 2020 Exhibit 1, page 1	Estimated Annual Rider Applicable to Residential Customers
Year 2020 Exhibit 1, page 2	Estimated Annual Riders Applicable to Non-Residential Customers
Year 2020 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2020
Year 2020, Exhibit 3	Allocation Factor Estimate for 2020
Rider 11 Exhibit 1, Page 1	Lost Revenue Summary – Year 2015
Rider 11 Exhibit 1, Page 2	Lost Revenue Summary – Year 2016
Rider 11 Exhibit 1, Page 3	Lost Revenue Summary – Year 2017
Rider 11 Exhibit 1, Page 4	Lost Revenue Summary – Year 2018
Rider 11 Exhibit 1, Page 5	Lost Revenue Summary – Year 2019
Rider 11 Exhibit 1, Page 6	Lost Revenue Summary – Year 2020
Rider 11 Exhibit 2	DSM/EE Revenues Collected from Riders (By Vintage)
Rider 11 Exhibit 3, page 1	Forecasted kWh Sales for Rate Period (Years 2015-2020)
Rider 11 Exhibit 3, page 2	Forecasted kWh Net Metering Impacts for Year 2020
Rider 11 Exhibit 4, Page 1	Residential Interest Calculation – Years 2015-2016
Rider 11 Exhibit 4, Page 2	Residential Interest Calculation - Years 2017-2018
Rider 11 Exhibit 4, Page 3	Non-Residential Interest Calculation – Year 2015
Rider 11 Exhibit 4, Page 4	Non-Residential Interest Calculation – Year 2016
Rider 11 Exhibit 4, Page 5	Non-Residential Interest Calculation – Year 2017
Rider 11 Exhibit 4, page 6	Non-Residential Interest Calculation – Year 2018
Rider 11 Exhibit 5	Evaluation, Measurement and Verification Report
Rider 11 Exhibit 6	Description and Evaluation of EE and DSM Programs for 2018
Rider 11 Exhibit 7	Vintage Years 2015, 2016, 2017, 2018 and 2019 Non-Residential Opt-Out Data
Rider 11 Exhibit 8	Settlement Agreement Analysis of Energy Efficiency Portfolio